

### Getting Started

- A grant agreement will be mailed to the recipient upon approval of the grant application. The grant becomes effective upon return of one copy of the grant award agreement executed by the Chief Executive Official and another authorized representative of the Grantee. Both copies must have original signatures and one must be returned to the SC Rural Infrastructure Authority (Authority) **within 15 days of the date of award**.
- Forms and other information to be completed by the Grantee and submitted to the Authority **within 30 days of Grant Award**, unless otherwise specified, include:
  - Authorized Signatures for Payments and Checks form. This form requires designation of two authorized financial representatives (other than the Chief Elected or Executive Official) for requests for payment and disbursement of grant funds. See Financial Management Procedures for more information.
  - W-9 (Request for Taxpayer Identification Number), if required.
  - Documentation to address any grant conditions specified in the Grant Award.
  - Subrecipient agreement, if required, prior to finalizing the agreement.
- A **Notice to Proceed** will be issued by the Authority once the above documentation has been submitted and found to be acceptable. A Notice to Proceed is required prior to incurring any costs against the Grant. If the Grantee needs to incur expenses prior to the Authority's notification to proceed, the Grantee must submit a written request and obtain prior written approval from the Authority. Otherwise, any expenditure made prior to the date of the written notice to proceed is made at the Grantee's own expense and is not eligible for payment with Grant funds.
- Once the written Notice to Proceed is issued by the Authority, the Grantee may begin project implementation consistent with the requirements contained in these procedures and the terms and conditions of the Grant Agreement.
- If a project is ready to go at the time that a Notice to Proceed has been issued (i.e., design is complete, all permits and easements have been obtained and construction bids have been taken); the procurement procedures and proposed contract must be reviewed by the Authority before it can be executed.
- The Grantee must use the grant number on all reports, requests for payment or correspondence related to this grant.

- A subrecipient agreement is required if an entity other than the Grantee will be responsible for implementing any portion of the project construction. The Grantee must submit a proposed subrecipient agreement to the Authority within 30 days of Grant Award and prior to execution. Subrecipients include governmental or not-for-profit water and/or sewer organizations.
- If an entity other than the Grantee will be involved in any other activity related to the project including planning, construction oversight, ownership, operation or maintenance, then an Intergovernmental Agreement may be required.

### **Allowable Costs**

- The Grant Award shall be used only for specified activities approved in the Application, unless otherwise approved in writing by the Authority.
- Ineligible grant expenses include, but may not be limited to, any non-construction costs such as planning, engineering, administration or legal fees, acquisition of property including easements or right-of-ways, permitting, application or administrative expenses, service lines, connections or impact fees, operating or maintenance expenses, or furnishings and fixtures that are not permanently attached to improved facilities. Such costs that are related to the Project must be paid for with other funds.
- Funds obligated or expended prior to the grant award or for activities that have not received written approval from the Authority shall be considered ineligible and shall not be eligible for payment by Grant funds.
- Grant funds may not be used to reimburse in-kind labor. However, in-kind expenses may be counted toward the matching requirement, if properly documented.

### **Financial Management**

- The Grantee must maintain a financial management system using generally accepted accounting principles to provide adequate accountability for the Grant.
  - The Grantee's records must disclose accurate information about the grant award, obligations, unobligated balances, assets, liabilities, expenditures, and income.
  - The Grantee's financial management system must have budget control procedures that make it possible to compare actual expenditures with budgeted amounts for each supported activity.
  - The Grantee's financial management system must make it possible to relate financial information to performance or productivity.
  - The Grantee's financial management system must also have sound internal control procedures that cover cash, real and personal property, and other assets.

- All accounting records must be supported by source documentation. This documentation must show that expenditures occurred during the grant period, were expended only for allowable costs and approved by an authorized official.
- The Grantee must account for each new grant agreement and all grant transactions separately. It is recommended that a separate bank account be established.
- The bank and the account number must be designated by the Grantee prior to disbursement of grant funds.
- The Grantee shall designate two financial representatives who are authorized to request payments and issue checks. The Grantee's Chief Elected or Executive Official must authorize the designated financial representatives. If one of these parties also needs to request payments or sign checks, then the next highest elected official must authorize it on the form. The person authorizing the financial representatives may not sign Requests for Payment. This is consistent with standard financial procedures.

### **Requests for Payment**

- Prior to the first Request for Payment, the Grantee must ensure that any subrecipient agreements and/or third party contracts have been reviewed and authorized by the Authority.
- The Grantee must submit a certified Request for Payment for eligible expenses and documentation as follows:
  - The Grantee will certify, to the best of its knowledge, information and belief that the work on the Project for which payment is requested has been completed in accordance with the terms and conditions of this Agreement.
  - Invoices or other documentation (including change orders to the contract), that the Authority may reasonably require to document the incurred expenses, must be submitted with the Request for Payment. Such invoices must be certified as valid expenses by an official representative of the Grantee.
- Requests for Payment must be submitted using forms approved by the Authority.
- Requests for Payment may be submitted on an advance or reimbursable basis. Advances will only be considered if there is an invoice for eligible work, materials or services completed that is due and payable.
- Payment requests must be approved by the Authority in accordance with the approved scope of work and budget. Payment requests will generally be processed no more than once a week. Payments are issued from the Comptroller General's office and will be sent to the Grantee's designated bank account. The Grantee will receive notification that the payment was sent.

- The Authority may make, and the Grantee shall accept, full or partial disbursements for actual, eligible expenses up to the total grant amount as provided in this Agreement.
- The Authority may issue payments jointly to the Grantee and a vendor supplying goods or services on the project, if deemed appropriate.
- Grant funds received by the Grantee must be disbursed in a timely manner, generally within 10 days of the date of receipt.
- Disbursements of the Authority's funds should only be made for work that has been completed in accordance with the contract and any approved change orders.
- All financial documentation supporting the Grantee's Requests for Payment and the disbursements from Grant funds must be kept on file and be available for inspection at any time.
- Generally, grant disbursements should be made on a pro rata basis with the Authority's required match for construction unless the Authority's funds are specified for a specific line item or unless otherwise approved.
- In the event property or equipment is acquired in whole or in part with grant funds, the Grantee must retain ownership and ensure that such property is used solely for grant authorized purposes. The Grantee must follow state requirements for management, use and disposition of the property.

## **Audit**

- The Grantee must include an examination and accounting of the expenditures of Grant funds in its first annual audit following the completion of the Project, and make a copy of the audit report available to the Authority or its designated representative.
- The audit must adhere to the following audit requirements, whichever is applicable:
  - Generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA); or
  - The General Accounting Office (GAO) Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, latest revised edition (Yellow Book).
- The Grantee must notify the Authority of any audit findings related to the Authority's grant or general grant management and will reimburse the Authority for unauthorized and unwarranted expenditures disclosed in the audit, if so directed by the Authority.
- Upon request of the Authority, the Grantee shall make available, and cause any Contractor to make available, for audit and inspection by the Authority and its

representatives all the books, records, files and other documents relating to any matters pertaining to the Project.

## **Construction Procurement**

- All purchases of goods and services shall be made according to the established procurement policy of the Grantee, provided that its policies are substantially in conformance with one of the following:
  - Model Procurement Ordinance for Local Governments developed in accordance with SC Consolidated Procurement Code, or
  - Model Procurement Ordinance for Local Governments recommended by the American Bar Association's Council of the Section of Public Contract Law and the Council of the Section of Urban, State and Local Government Law and developed in cooperation with the U.S. Environmental Protection Agency in 1982.

If the Grantee has no established procurement policy, it must follow the procedures specified in Article 5: Source Selection and Contract Formation of the SC Consolidated Procurement Code for goods and services funded in whole or in part by this grant.

A copy of the Model Ordinances as well as Article 5 of the SC Consolidated Procurement Code may be accessed from the RIA website on the Program Forms and Documents Page.

- Local procurements should adhere to the ten principles of competition adopted by the American Bar Association:
  1. Use full and open competition to the maximum extent practicable.
  2. Permit acquisitions without competition only when authorized by law.
  3. Restrict competition only when necessary to satisfy a reasonable public requirement.
  4. Provide clear, adequate, and sufficiently definite information about public needs to allow offerors to enter the public acquisition on an equal basis.
  5. Use reasonable methods to publicize requirements and timely provide solicitation documents (including amendments, clarifications and changes in requirements).
  6. State in solicitations the bases to be used for evaluating bids and proposals and for making award.
  7. Evaluate bids and proposals and make award based solely on the criteria in the solicitation and applicable law.
  8. Grant maximum public access to procurement information consistent with the protection of trade secrets, proprietary or confidential source selection information, and personal privacy rights.

9. Ensure that all parties involved in the acquisition process participate fairly, honestly, and in good faith.
  10. Recognize that adherence to these principles of competition is essential to maintenance of the integrity of the acquisition system.
- Article 3 of the Model Procurement Ordinance establishes competitive sealed bidding as the preferred method of contracting. For RIA-assisted construction contracts, competitive sealed bids will be required unless there are circumstances that warrant the use of other source selection methods. Please seek advance RIA approval for the use of other selection methods.
  - While the Model Ordinance does not specify a dollar limit for contracts or purchases, the procedures provided in Article 5: Source Selection and Contract Formation of the SC Consolidated Procurement Code are considered acceptable:
    - Small purchases under \$50,000 (Section 11-35-1550):
      - Up to \$2,500 - A single quote is acceptable if price is certified, fair and reasonable.
      - Over \$2,500 - up to \$10,000 —A written solicitation for written quotes, bids or proposals from a minimum of three (3) qualified sources
      - Over \$10,000 - up to \$50,000 – A written solicitation for written quotes, bids or proposals must be developed and advertised once in the South Carolina Business Opportunities or through other central electronic advertising.
      - The award should be made to the lowest responsible and responsive offeror.
    - Construction Contracts and Purchases of \$50,000 or more (Section 11-35-1520):
      - Prepare an invitation for bids and solicit competitive sealed bids or proposals.
      - Bid solicitations must include specifications and all contractual terms and conditions applicable to the procurement.
      - A notice of the invitation for bids or proposals must be issued, allowing a reasonable time prior to bid opening. Such notice must include advertising in the South Carolina Business Opportunities or through other central electronic advertising.
      - Bids must be publically opened in a public place and on a date and time designated in the invitation for bids in the presence of one or more

witnesses. The name and amount of each bid and any other relevant information must be recorded.

- Award should be made to the lowest responsive and responsible bidder whose bid meets the requirements in the invitation for bids.
  - For contracts of \$50,000 and up to \$100,000, a notice of intent to award that is subject to RIA approval, must be posted and all bidders notified on the same day.
  - For contracts of \$100,000 or more, a notice of intent to award that is subject to RIA approval must be posted for ten days and sent to all bidders, with a statement of the bidder's right to protest, prior to entering into a contract. If only one bid is received and it is determined responsive, responsible and within the construction budget, the award may be made without the delay of a ten day waiting period
- If bids received pursuant to an invitation for bids exceed available funds, and it is determined in that circumstances do not permit the delay required to resolicit competitive sealed bids, and the base bid, less deductive alternates, does not exceed available funds by an amount greater than 10% of the construction budget established for that portion of the work, a contract may be negotiated pursuant with the lowest responsible and responsive bidder. The governmental body may change the scope of the work to reduce the cost to be within the established construction budget but may not reduce the cost below the established construction budget more than ten percent. (Section 11-35-1540)
- Solicitations must clearly explain all requirements that the bidder/offeror must fulfill in order for his or her bid/offer to be evaluated by the Grantee. Solicitations for goods and services must be based on a clear and accurate description of the material, product, or service to be procured, and cannot contain features which unduly restrict competition. Some of the situations considered to be restrictive of competition include, but are not limited to:
    - Placing unreasonable qualifying requirements on firms.
    - Requiring unnecessary experience and excessive bonding.
    - Specifying only "brand name" products instead of allowing "an equal" product.
    - Non-competitive pricing practices between firms or affiliated companies.
    - Non-competitive awards to consultants on retainer contracts.
  - The Authority does not provide a standard bid package or contract agreement. Grantees should refer to the Engineers Joint Contract Documents Committee (EJCDC) standard

contract documents available from the American Society of Civil Engineers (ASCE), the National Society of Professional Engineers (NSPE), the Associated General Contractors of America (AGC) or similar organizations.

- RIA requires that bids include itemized costs for all work to be completed. Where feasible, alternates should be included in the event that bids come in under or over the budget.
- The Grantee should take all necessary and reasonable steps to ensure that minority business enterprises, as identified in the SC Code of Laws have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with funds provided under this Agreement.
- For construction contracts exceeding \$50,000, the Grantee should obtain:
  - A bid guarantee from each bidder equivalent to 5 percent of the bid price. The “bid guarantee” must be a firm commitment in the form of a bid bond, certified check or other negotiable instrument as assurance that the bidder is prepared to execute a contract within the time specified for the bid amount.
  - A performance bond from the (sub)contractor for 100 percent of the contract price to secure the (sub)contractor’s fulfillment of all obligations under the contract.
  - A payment bond from the (sub) contractor for 100 percent of the contract price to assure payment of all persons supplying labor and material under the contract.
- Prior to procurement of construction contracts, the Grantee shall obtain all necessary federal, state and/or local permits required for the construction and/or operation of grant funded improvements. All necessary ROW/easements must also be acquired prior to bidding.
- Any signs to be installed at the Project site must be pre-approved by the Authority and must acknowledge funding by the Authority.
- The Grantee must submit to the Authority all proposed agreements with third party contractors engaged to perform work within the scope of the Grant prior to executing those agreements. In addition to the submission of the contract for review, the Grantee must submit the following to the Authority:

Contract Submission Requirements

- Construction bid package,
- Evidence of bid advertisement and dates,



- The certified bid tabulation and recommendation of award amount including any accepted alternates. An explanation of any bid discrepancies should also be provided,
  - Copy of the winning bidder's response,
  - Contract Agreement and Specification Drawings,
  - Bid Bond, and
  - Certification by the Grantee that all necessary ROW/property has been acquired and that any required federal, state or local permits have been secured.
- The Grantee may not award contracts to any Contractors who are ineligible to receive contracts under any applicable laws or regulations of the Authority.
- Any Notice of Contract Award should be conditioned on RIA review and approval.
- If the Grantee fails to adhere to procurement procedures required by law, the Authority may call for repayment by the Grantee for Grant funds that were expended in a disallowable manner or the Grantee may be subject to other sanctions as referenced in the Grant Agreement.
- Any disputes arising out of a contract funded in whole or in part with these grant funds are the responsibility of the Grantee and should be resolved in accordance with the process outlined in local procedures as long as they are consistent with the South Carolina Consolidated Procurement Code and Regulations and should be resolved in a timely manner.
- Upon request, the Grantee must make available to the Grantee's auditor, the Authority, and its representatives, and the public, the Grantee's records and other documentation of the procurement process.

### **Construction Contracts**

- The Grantee is responsible for implementation of the Project in accordance with the program requirements notwithstanding the Grantee's designation of, or contract with, any third party or parties for the undertaking of all or any part of the Project.
- All change orders must be submitted to the Authority for review. If the change order involves a major change in the scope of work, costs or location of activities, a grant amendment may be required. Such change orders should not be executed until RIA has reviewed and approved the grant amendment. In addition to the submission of the change order for review, the Grantee must submit the following to the Authority:

#### Change Order Submission Requirements:

- Unexecuted contract change order,
- Description of changes to the contract including itemized quantities and costs,
- Engineer's justification of the need for the change order,
- Documentation of how costs were determined if different from the contract itemized rate and determination by the engineer that such costs are reasonable
- Map showing location of any new or revised activities, and
- Commitment letter from the Grantee for any costs which exceed the RIA grant or other construction funding commitments approved in the application.

#### **Progress**

- The Grantee must take appropriate action to implement the project in a timely manner.
- The project must be substantially underway **within 6 months** of the Grant Award. If the Grantee does not begin the Project within 6 months of the Grant Award, the Authority reserves the right to rescind the Grant, require the repayment of any Grant funds provided to the Grantee and terminate the Project.
  - The Grantee shall be considered substantially underway if contractual obligations for goods or services in connection with the Project have been executed to the satisfaction of the Authority, to indicate that the Project will be completed within the grant period.
- The Grantee must complete, or cause to be completed, the portion of the Project to be funded in whole or in part with Grant funds **within 18 months** of the Grant Award.
- The Grantee must return surplus Grant funds that result from project cost underruns, and provide monies from its own resources for cost overruns required to complete the Project.
- Any unexpended grant funds on hand at project completion shall be returned to the Authority.
- Any remaining grant funds will be deobligated from the grant prior to project close out.
- Completion is defined as the completion of all approved activities associated with the project and the submission of a final report and documentation of Grant funds expended, accomplishments and any other information required by the Authority. The Authority may conduct an on-site review of the project and documentation prior to close-out.
- The Authority will issue a notification in writing of the closure of the Grant.

## **Grant Amendments and Extensions**

- Grant amendments are required if there are:
  - Requests to extend the grant period (typically, no more than six months).
  - Major revisions to the grant scope of work including addition or deletion of activities or customers, or changes in capacity or location of activities.
  - Any change in the grant budget which is greater than ten percent (10%).
- A grant amendment request must be submitted in writing and in advance to the Authority by the Grantee's Chief Executive Official. The request must include a detailed description of the change, the reasons for the change, a detailed cost justification and revised map, if appropriate. The Authority has no obligation to approve such a request.

## **Reports**

- The Grantee agrees to submit quarterly progress reports that provide a status update and identification of any significant issues affecting the Project.
- Progress reports are due on the first day of the first full quarter after commencement of the Project.
  - Quarters begin on January 1, April 1, July 1 and October 1
- Failure to submit progress reports will make the Grantee subject to the sanctions identified in the Grant Agreement.
- The Grantee must provide other reports as may be requested by the Authority.

## **Record Keeping and Monitoring**

- The Grantee must maintain all project/grant related records for review by the Authority or other State agency as may be required to ensure timely completion of the Grant and compliance with the terms and conditions of the Grant Agreement, and program procedures.
- Suggested files include the following:
  - Application and Grant Agreement
    - ✓ Approved Authority Application
    - ✓ Grant Announcement Letter
    - ✓ Grant Agreement Letter
    - ✓ Grant Agreement
    - ✓ Documentation of clearance of any grant conditions
    - ✓ Grant Checklist

- ✓ Approved amendments
- ✓ General correspondence
- Financial
  - ✓ Bank Signature Form
  - ✓ W-9 Form (if required)
  - ✓ Project Budget
  - ✓ Grant Requests for Payment
  - ✓ Back-up documentation of expenditures (invoices, construction draws, purchase orders, etc.)
  - ✓ Documentation of expenditure of matching and other funds for the project
  - ✓ Separate Bank Account and Monthly statement
  - ✓ Ledgers
  - ✓ Property Inventory
  - ✓ Audit
- Contracts and Agreements
  - ✓ Subrecipient agreements
  - ✓ Grantee procurement policy
  - ✓ Procurement documentation for all goods and services (advertisement, method of procurement, bid package, bid tabs, minutes, recommendation to award, notice of intent to award, protests, etc.)
  - ✓ Executed copies of all project related contracts
  - ✓ Contracts for construction and approvals
  - ✓ Permits
  - ✓ Acquisition documentation to show ownership
  - ✓ Bonding and insurance
  - ✓ Change orders and approvals
- Reports
  - ✓ Quarterly progress reports for each quarter
- Monitoring
  - ✓ Monitoring letter
  - ✓ Response and clearance of any issues
- Close Out
  - ✓ Close Out Report
  - ✓ Documentation of Accomplishments
  - ✓ Digital photos (recommended)
  - ✓ Certified “as built” drawings
  - ✓ Equipment Control Record Form
  - ✓ Final Waiver of Liens
  - ✓ Permit to Operate
  - ✓ Letter of Final Close Out from the Authority

- Project/grant records shall be made available for random audit and review by the State upon issuance of a minimum 24 hour advance notice. Generally, the Authority will provide a 10 day advance notice of any review and such review will be done during normal work hours.
- The Grantee shall retain records for property purchased totally or partially with Grant funds for a period of three years after its final disposition.
- The Grantee shall maintain records relating to procurement matters for the period of time prescribed by applicable procurement laws, regulations and guidelines, but no less than three years.
- All other pertinent Grant and Project records including financial records, supporting invoices, receipts or other financial documentation, contracts, agreements, reports and other records shall be retained for a minimum of three years after notification in writing by the Authority of the closure of the Grant.
- However, if any litigation, claim, or audit is initiated before the expiration of any such period, then records must be retained for three years after the litigation, claim, or audit is resolved.
- If the Grantee fails or refuses at any time to comply with any of the terms and conditions of the Grant Agreement, the Authority may take, in addition to any relief that it is entitled to by law, any or all of the following actions:
  - Require repayment of all or a portion of any Grant funds provided;
  - Cancel, terminate, or suspend, in whole or in part, the Grant and this Agreement; or
  - Refrain from extending any further assistance or Grant funds to the Grantee until such time as the Grantee is in full compliance with the terms and conditions of this Agreement.

## **Close Out**

- A final close out report of expenditures and accomplishments must be submitted at project completion which may include the following information or other information as may be required by the Authority.
  - The Grantee must provide documentation for all Grant expenditures in accordance with the approved Project Budget and Scope of Work.
  - The Grantee must submit certification of all expenditures for matching funds or other leveraging spent on the Project prior to close out of the Grant.
  - The Grantee must submit as-built drawings or certification by the project engineer that the project was constructed in accordance with the application or amended scope of work approved by the Authority.

- An equipment control record form must be submitted at project close out for all non-expendable property costing \$5,000 or more paid in whole or in part with grant funds. If property acquired in whole or in part with grant funds is no longer needed by the Grantee following project close out, it should be used for similar qualified activities.
- The Grantee must describe and quantify the Project accomplishments and impact.
- The Grantee must agree to provide maintenance of facilities, structures, or other improvements paid for in whole or in part with Grant funds.
- The Grantee must submit the following additional documentation:
  - ✓ Final Waiver of Liens
  - ✓ Permit to Operate
  - ✓ Digital photos (recommended)

## **Project Management Forms**

- The Authority will provide forms for use in the implementation of Authority grants. Such forms may be updated from time to time or additional forms may be added. The Grantee must use the most current form unless otherwise instructed which are available at [www.ria.sc.gov](http://www.ria.sc.gov).
- The following forms are made a part of these procedures.
  - Grant Checklist – This form is for Grantee use only and should be kept with project records to document required submissions to the Authority and timelines for implementation
  - Authorized Signatures for Payments and Checks – This form designates authorized signatures for Requests for Payment on the Grant and also identifies the bank account to which grant payments will be sent. The form must be completed and returned within 30 days of Grant Award.
  - W-9 Request for Taxpayer Identification Number and Certification – This form is available upon request if required by the Authority. The Grantee must complete the W-9, which will ensure that grant payments are processed accurately.
  - Construction Contract Checklist – This form should be used to ensure the required documents are submitted to the Authority to allow for a complete review of the construction contract.
  - Change Order Checklist – This form should be used to ensure that all the required information is submitted with the change order to prevent any delays with the Authority's review of the request.

- Request for Payment – Requests for grant funds must be made on this form and signed by one of the persons authorized by the Grantee on the Authorized Signatures for Payments and Checks form.
- Quarterly Progress Report – This report must be submitted on the first day of each quarter to provide an update on the progress of the grant and to provide an explanation for any delays.
- Grant Amendment – This form should be used to request changes in the approved scope of work, budget line item changes of 10% or greater and extensions of the 18 month grant period.
- Close Out Report – A final close out report of expenditures and accomplishments must be submitted at project completion and approved by the Authority prior to grant close out.